

Winch Report

Fox Cities Economic Outlook somewhat rosy

Cautious optimism prevailed at the recent 2012 Economic Outlook breakfast, hosted in Appleton by the Fox Cities Chamber of Commerce on February 1.

Overall, 94% of the companies surveyed by the Chamber for its annual report expect the Fox Cities economy to grow or remain the same with a 6% anticipating a decline. This is slightly down from last year's numbers in which 96% predicted the Fox Cities economy would grow or remain the same and 4% anticipated a decline.

Planned capital expansions decreased from 40 businesses in 2011 to 38 for 2012. Conversely, increased or stable business growth is expected by 97% of local businesses, compared to 94.5% in 2011.

Nationally, the Congressional Budget Office has predicted 2% growth in real GDP, which measures both growth in labor and growth in productivity.

While these numbers are somewhat positive, they are not necessarily robust enough to grow employment and may also leave the economy at both the national and local level vulnerable to a threat.

"It's the thing that you're not talking about that gets you," said keynote speaker David Francis, CFA.

Francis cited five areas economists will be monitoring for potential financial hits:

Housing and automotive industry. According to Francis, the automotive industry is recovering faster than the housing industry, which is still painfully slow. He cited statistics indicating 40% of current unemployment is related to construction.

Inflation. Bad recessions usually lead to quick recoveries, but this recovery has been poor, leaving the economy vulnerable to the threat of inflation.

The European Debt Crisis. Greece is still teetering on the edge of bankruptcy.

U.S. Policy Issues in 2013. Congress will be grappling with several key economic issues including whether to allow the Bush tax cuts to expire in 2012 and whether to raise the debt ceiling, which could lead to mandatory cuts in government spending.

China and Emerging Markets. China is facing a serious threat of inflation and a potential real estate bubble.

While there are many reasons for the lag in economic recovery, one may be that most businesses are focusing on investing in equipment and software, rather than investing in structural enhancements. While the former can increase office productivity, it also can lead to a decreased need for additional employees.

Most Fox Cities businesses are operating much leaner than they were before 2008, according to the panelists.



Our investment department analyst Jeremey Landskron jumped into his first Polar Plunge on Saturday, February 18 at Menomonee Park in Oshkosh.

The Special Olympics Wisconsin (SOWI) Polar Plunge® winter fundraiser is a unique opportunity for brave Wisconsinites to support Special Olympics athletes by leaping into icy bodies of water across the state.

Since its inception in 1999, Wisconsin Polar Plungers have helped raise more than \$12 million for SOWI athletes. Last year, 9,320 participants helped raise more than \$1.9 million at 12 Polar Plunge venues.

To find out how you can support this worthy cause, either by jumping, purchasing a "Too Chicken to Jump" T-shirt, or making a donation, see the Fox Cities Polar Plunge [website](#).

TD Ameritrade Conference offers helpful information

While the economy continues to sputter, the stock market is beginning to inch back up, according to TD Ameritrade president and CEO Fred Tomczyk, who was cautiously optimistic in his presentation at the company's annual conference last week.

"The DOW is at a four-year high and the Nasdaq is at a 10-year high, yet trading volumes are low," he said. "The uncertainty in Europe is acting as a weight on the yield curve. If we settle

some of those problems, hopefully long-term rates will begin to rise."

Tomczyk told conference attendees that he thinks the outlook for the economy looks better now than it did six months ago, although he called it a 'long, slow recovery' that is vulnerable to possible negative events.

Volatility leads to investment opportunities and we remain poised to take advantage of these situations as they arise.



Christina joined members of the American Red Cross to assemble emergency kits. The group exceeded its goal of putting together 2,000 kits and actually assembled 2,500 kits. Comfort kits containing shampoo, soap, deodorant, a toothbrush and other essentials will be sent to families devastated by hurricanes, fires and floods and hygiene kits with razors, toothbrushes, soap, washcloths, lotion and more will go to homeless veterans.

Conference speakers note mounting tension in Iran

Speaking at the TD Ameritrade Institutional National Conference held last week in Orlando, Florida, former vice president Dick Cheney said the biggest threat to the U.S. economy could come from outside its borders.

"The biggest concern I have is another 9/11 only instead of showing up with airline tickets and box cutters next time, it will be a nuclear weapon," he said during his featured keynote presentation.

With that concern in mind, Cheney said he is keeping an eye on the situation in Iran and supports Israel's potential attempt to destroy Iran's nuclear capabilities.

"If Iran gets the bomb, it will set off a nuclear arms race in that part of the world," he said. "If I lived there I would want one. And it could easily fall into the wrong hands."

Another conference speaker, former defense secretary Robert Gates, who served in both the Bush and

the Obama administrations, agreed.

"We've been lucky," Gates said. "Because a number of attacks have failed recently, that, had they been successful, could have done great damage."

"We can no more eliminate the risk of terror than we can eliminate crime," he said. "We can reduce the risk, but not completely eliminate, especially in a free and open society of 300 million people. What we must do is fight the battle on their 10-yard line, not our 10-yard line, or worse, our end zone."

One battle Gates specifically mentioned that he would like the U.S. to avoid, is a military intervention in Iran.

"We must continue to ratchet up the diplomatic and economic isolation; it is the best hope and appears to be working," he said. "We should not attack them militarily. They have a population that is increasingly disaffected. Attacking them would only rally the public behind the government."

Birthday trip to Federal Reserve proves priceless

By Sandy Shultz
Operations Director

Most people would not include a trip to the Federal Reserve Bank on their list of things to do, so imagine this is exactly what I wanted for my birthday.

Quite honestly, my husband had little interest in this fascinating destination, yet he spoiled me with a birthday visit to the Federal Reserve Bank of Kansas City.

I really didn't have any idea what to expect while visiting The Money Museum, but it turned out to be a great educational experience.



As we entered the bank, we had to go through security screening, including a metal detector and about a five minute wait as they checked our driver's licenses in their computer system.

I had a great time talking with the security officers, but sadly, their policy does not allow pictures of these charming gentlemen.

Once we cleared security, we were allowed to enter the museum and start our self-directed tour.

The Federal Reserve Banks are the

decentralized element of the U.S. central bank. The 12 Reserve banks are located in Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, San Francisco and St. Louis.

The Federal Reserve Bank of Kansas City is part of the tenth district which serves western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado and Northern New Mexico.

Several of the exhibits focused on the state of the economy in the tenth district, so I'm already excited to tackle the seventh district in Chicago later this year.

The Federal Reserve Bank carries out a number of functions that affect the nation's economic well-being. Through monetary policy, which influences the availability of money and credit, the Fed plays a major role in keeping inflation in check while promoting economic growth.

The Fed helps make commercial transactions more efficient by providing check-clearing and other payment services to depository institutions and the federal government.

In addition to a large display of coins and currency that were on loan from the Harry S. Truman Presidential Library, there were exhibits that explained economic stability, M1 and M2 currency, Federal Open Market Policy, and the history of the Federal

Reserve Bank in Kansas City.

A solid gold bar worth \$725,458 was on display. You were able to test



your strength at lifting this small gold bar, which actually weighs 27 pounds.

While the exhibits were very educa-

tional and interesting, the most interesting part of the experience was the vault and the information on the money that passes through the Fed. I was completely in love the statistics I learned:

Federal Reserve Note	
Average Lifespan	
\$1	21 months
\$5	16 months
\$10	18 months
\$20	24 months
\$50	55 months
\$100	89 months

Before 1980, currency was destroyed by burning. Today, unfit currency is shredded. The Kansas City office shreds over \$4 million per day in unfit currency. If all the bills the Federal Reserve System destroys in one year were stacked, they would reach more than 463 miles high! Mt. Everest, the tallest mountain on earth is almost 5.5 miles high.

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Winch Financial

Founded in Appleton, Wisconsin by Christina Winch more than 30 years ago, Winch Financial has become a nationally recognized, full service financial planning firm.

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Register now for UW-Fox Classes

We're expanded our popular UW course offerings

In addition to the popular series of classes Christina Winch teaches at the University of Wisconsin – Fox Valley, we will be adding a second class called **Current Issues in Finance – Wall Street to Main Street.**

Christina's first class, **Empowered Wealth**, begins on March 8 and will run on consecutive Thursday evenings until March 29 from 7 pm. to 9 p.m.

The second class, **Wills and Trusts**, runs on Thursday nights from April 5 through April 26 from 7 p.m. to 9 p.m.

Current Issues in Finance will cover hot topics from Wall Street to Main

Street including global finances, what the future holds for Wall Street and the world, a look at wealth and equality, and taxes versus spending.

This class will be taught by registered investment advisor representatives Sam Winch and Christian Peterson.

It will run on consecutive Tuesdays from 7 to 8:30 p.m. beginning on April 17 and running through May 8.

For more information call or email the office, or call the UW-Fox Valley at 920-832-2636.

Pre-registration is required for all three classes.

Visit to Fed was a billion dollar experience

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In addition, they had an excellent illustration on personal finance and an interactive simulation of making a purchase with a check, credit card, debit card, through your smart phone and how the bank interacts with the merchant.

Picture taking was not allowed in the cash

vault area and the cash processing area, which was a fascinating, view into the vault.

We could see four different stations, where employees would inventory the money from the vault; it would pass through the bank note processing machine, verifying denomination, authenticity, condition and thickness.

The BPS Machine can process up to 28 notes per second at a speed of 60 miles per hour.



Stacks of one hundred dollar bills, totaling \$40 million were on display. It costs 6.2 cents to make a note of any denomination. It costs \$24,800 to produce the \$40 million in this case. If you spent \$1 every second it would take you more than 15 months to spend all the money

If bills are unfit for circulation, either too dirty or worn, the bills are shredded and sent through from the machine to a clear tube that runs to the ceiling.

The shredded bills are transported off-site, where they are bagged for souvenirs.

Before we left, we were also able to

design our own currency. At the end of our visit, we were completely in awe of the technology that is involved with the cash processing and vault system – making the trip a complete worthwhile experience.

I don't in any way recommend making this part of your birthday wish – but I do think that anyone would enjoy a visit to one of the 12 Federal Reserve Banks.

It truly was a billion dollar experience!